

Assembly Bill No. 1307

CHAPTER 511

An act to amend Sections 22970, 22970.10, 22970.16, 22970.55, 22970.60, and 22970.89 of, and to add Sections 22970.175, 22970.58, and 22970.855 to, the Government Code, relating to public employee benefits, and making an appropriation therefor.

[Approved by Governor October 11, 2007. Filed with
Secretary of State October 11, 2007.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1307, Krekorian. Public employee benefits: supplemental contribution program.

Under existing law, an individual who is a member of the Public Employees' Retirement System, the Legislators' Retirement System, the Judges' Retirement System, or Judges' Retirement System II may participate in the Supplemental Contributions Program. Under existing law, that individual may contribute at least a minimum amount to the Supplemental Contributions Program. Existing law requires the Board of Administration of the Public Employees' Retirement System to administer that program and requires employee contributions to be paid to the Supplemental Contributions Program Fund, a continuously appropriated fund.

This bill would additionally permit an individual employed by an employer who contracts with the board for the Supplemental Contributions Program to participate in that program. By increasing contributions to a continuously appropriated fund, the bill would make an appropriation. The bill would also make clarifying and technical changes to these provisions.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 22970 of the Government Code is amended to read:

22970. (a) The Supplemental Contributions Program is hereby established to be a defined contribution plan within the meaning of subsection (i) of Section 414 of Title 26 of the United States Code. This program shall operate in accordance with the plan document adopted by the board.

(b) This part does not establish a new program, but rather recodifies, and further defines the Supplemental Contributions Program as amended by Chapter 576 of the Statutes of 1994, to ensure full compliance with the applicable provisions of Title 26 of the United States Code.

SEC. 2. Section 22970.10 of the Government Code is amended to read:
22970.10. “Account” means the account maintained with respect to the participant that reflects the aggregate value of the following amounts credited to the participant:

- (a) Employee after-tax contributions to the plan.
- (b) Net earnings of the Supplemental Contributions Program allocable to the participant.
- (c) Any amount credited to the participant’s account by reason of a transfer from another plan or arrangement in accordance with applicable laws.

SEC. 3. Section 22970.16 of the Government Code is amended to read:
22970.16. (a) “Eligible employee” means:

- (1) A person employed by the state, the university, a school employer, or a contracting agency who is a member of the system as defined pursuant to the provisions of Chapter 4 (commencing with Section 20370) of Part 3.
- (2) A legislator, as defined pursuant to Section 9351.3, who is a member of the Legislators’ Retirement System.
- (3) A judge, as defined in Sections 75002 and 75502, who is a member of the Judges’ Retirement System or the Judges’ Retirement System II.
- (4) A person employed by an employer who contracts with the board for the Supplemental Contributions Program.

(b) The board shall determine when the members of the system who are employed by a school employer or a contracting agency shall become eligible employees.

SEC. 4. Section 22970.175 is added to the Government Code, to read:

22970.175. “Employer” means any city, county, city and county, district, school district, community college district, county superintendent of schools, or other public agency, instrumentality, or political subdivision of the state.

SEC. 5. Section 22970.55 of the Government Code is amended to read:

22970.55. (a) Employee after-tax contributions to the plan shall be made solely at the option of the participant.

(b) Employee contributions may be made directly by the participant to the plan on a periodic basis as specified by the board, or may be withheld from the employee’s compensation after taxes and submitted by the employer through payroll deduction.

(c) The board shall establish the minimum contribution amount.

SEC. 6. Section 22970.58 is added to the Government Code, to read:

22970.58. The board may amend the plan to permit a participant to transfer funds from an eligible retirement plan into this plan to the extent that the transfers are allowed under applicable federal and state laws, and pursuant to the terms and conditions established by the board.

SEC. 7. Section 22970.60 of the Government Code is amended to read:

22970.60. Contributions made to the plan by the participant shall be credited to the participant’s account.

SEC. 8. Section 22970.855 is added to the Government Code, to read:

22970.855. The board may amend the plan to permit a participant to withdraw some or all of his or her after-tax contributions without requiring

the participant to terminate from the plan to the extent that this in-service distribution is allowed under applicable federal and state laws, and pursuant to the terms and conditions established by the board.

SEC. 9. Section 22970.89 of the Government Code is amended to read:

22970.89. (a) The plan's obligations to a participant, beneficiary, or nonparticipant spouse who elected a lump-sum distribution cease upon distribution of the lump-sum benefit.

(1) Deposit in the United States mail of a warrant drawn in favor of the participant, beneficiary, or nonparticipant spouse and addressed to the latest address on file for that person constitutes distribution of the benefit.

(2) Deposit in the United States mail of a notice that the requested electronic funds transfer has been made as directed by the participant, beneficiary, or nonparticipant spouse constitutes distribution of the benefit.

(3) If the participant, beneficiary, or nonparticipant spouse has elected on a form prescribed by the board to transfer all or a specific portion of the account that is eligible for a direct trustee-to-trustee transfer under Section 401(a)(31) of Title 26 of the United States Code to the trustee of an eligible retirement plan, deposit in the United States mail of a notice that the requested transfer has been made constitutes distribution of the benefit.

(b) The plan's obligations to a participant or beneficiary who elected to receive a benefit in the form of partial distributions cease upon distribution of the final payment.

(1) Deposit in the United States mail of a warrant drawn in favor of the participant or beneficiary and addressed to the latest address on file for that person constitutes distribution of the benefit.

(2) Deposit in the United States mail of a notice that the requested electronic funds transfer has been made as directed by the participant or beneficiary constitutes distribution of the benefit.

(c) Distribution under paragraph (1), (2), or (3) of subdivision (a) or paragraph (1) or (2) of subdivision (b) pursuant to the board's determination in good faith of the existence, identity, or other facts relating to entitlement of persons constitutes a complete discharge and release of the board, system, and plan from liability for payments.

(d) This section shall not apply to a permissible in-service distribution pursuant to Section 22970.855.